

Department of Transportation Discussion of Proposition 22

Presented to the
California Transportation Commission
September 22, 2010



Background and Implementation of Proposition 22

- Initiative Constitutional Amendment added through public signature process
- Official title: Prohibits the State from borrowing or taking funds used for transportation redevelopment, or local government projects and services
- Implementation of Proposition 22
 - Will affect program operations and funding
 - Will adversely affect either transportation resources or the General Fund



Proposition 22 – On the Surface

- Proposes to eliminate borrowing & diversions from the HUTA, PTA, and the TIF
- Appears to repeal the entirety of the “Fuel Tax Swap”
- Protects & increases local transit funding significantly
- Restricts the Department’s ability to manage cash resources



Proposition 22 – Potential Outcomes

- Creates additional General Fund liability of \$4.7 billion or more
- Significantly impacts the State Highway System Maintenance Program and the SHOPP
- Prohibits borrowing of most transportation resources for General Fund relief, but eliminates protection for weight fees



Proposition 22 – Potential Outcomes Continued

- Creates significant increase in transit funding
- Loopholes may lead to significant transportation impacts
- Eliminates interfund loans from the PTA, which will impact transportation cash management

A vertical strip on the left side of the slide shows a stack of US dollar bills. The top bill is a \$100 bill, with the number '100' and the word 'ONE' visible. Below it, a \$20 bill is partially visible, showing the number '20' and the word 'TWO'. The bills are slightly out of focus.

Proposition 22 – Potential Outcomes Continued

- May not result in an expected revenue change
- Eliminates interest earnings for the PTA
- Creates appropriation problems

Proposition 26

- Initiative Constitutional Amendment added through public signature process
- Requires 2/3 supermajority legislative vote for all taxes and fees
- Not exclusively related to the Fuel Tax Swap
- Analysis by the Legislative Analyst's Office states that the Fuel Tax Swap would be voided unless re-enacted by a 2/3 vote
 - Cancellation would occur one year from enactment of Proposition 26